

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 COME-00 SPC-03 PER-05 SS-20 A-01

ABF-01 IO-14 DRC-01 RSC-01 /083 W

----- 117242

R 290700Z DEC 73

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 8103

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E.O. 11652: N/A

TAGS: BEXP, YO

SUBJECT: EFFECTIVENESS IN OVERSEAS COMMERCIAL FUNCTION

REF: STATE 239800

1. SUMMARY: MUCH ACCOMPLISHED IN PAST YEAR IN STRENGTHENING US COMMERCIAL PRESENCE AND PROGRAMS OVERSEAS. AREAS WHERE FURTHER IMPROVEMENT MAY BE INDICATED ARE -- EMPHASIS ON TRADE FAIRS AND CATALOGUE SHOWS, CLOSER LIASON BETWEEN COMMERCE FIELD OFFICES AND OVERSEAS POSTS, STRUCTURAL CHANGES IN TRADE MISSIONS, GREATER USE OF POST COMMERCIAL FACILITIES BY US BUSINESSMEN, RELIANCE ON IN-HOUSE MARKET ANALYSES AS OPPOSED TO MARKET SURVEYS PREPARED BY OUTSIDE CONTRACTORS, AND RENEWED EMPHASIS ON VISIT U.S.A. PROGRAM. END SUMMARY.

2. MANY RECOMMENDATIONS CONTAINED IN THE OMB REPORT HAVE BEEN IMPLEMENTED AND RESULT HAS BEEN MARKED IMPROVEMENT IN EFFECTIVENESS OF FOREIGN SERVICE, AND COMMERCE PROCEDURES FOR COORDINATING EFFORTS BETWEEN POSTS AND U.S. BUSINESS COMMUNITY. OVERSEAS COMMERCIAL FUNCTION HAS BECOME LESS REACTIVE AND MORE GOAL ORIENTED, AS SUGGESTED

IN OMB REPORT, BUT THIS TREND SHOULD BE STRENGTHENED. AT THIS POST MORE FSO'S NOW TENDING TO THINK COMMERCIAL WITH RESULT THAT COMMERCIAL WORK NO LONGER COMPARTMENTALIZED, BUT RESPONSIBILITY OF COUNTRY TEAM AND ENTIRE MISSION. A NEW CONFIDENCE IN US ABILITY TO COMPETE HAS BEEN FURTHER ENHANCED BY DOLLAR DEVALUATION AND EFFECTIVE
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EXPORT-IMPORT BANK FINANCING.

3. EMBASSY HAS FOLLOWING SPECIFIC RECOMMENDATIONS FOR FURTHER IMPROVEMENT:

A. INCREASED PARTICIPATION IN TRADE FAIRS AND CATALOGUE SHOWS. IN JUDGEMENT OF MANY EXHIBITORS, A COMMERCE-SPONSORED EXHIBIT IS MOST COST-EFFECTIVE MEANS OF EXPORT PROMOTION. SINCE EACH EXHIBITOR HAS EQUAL STATUS, OVERHEADS PER STAND ARE LOW. TRADE FAIRS ARE ALSO EXCELLENT WAY OF ENCOURAGING PERSONAL CONTACT BETWEEN U.S. AND LOCAL BUSINESSMEN WHICH ABSOLUTELY ESSENTIAL TO GOOD BUSINESS RELATIONS. FURTHERMORE, DURING THE PROLONGED PERIOD OF DOLLAR OVERVALUATION, MANY U.S. PRODUCTS REPLACED BY EUROPEAN EQUIPMENT. NOW IS IDEAL TIME TO CASH IN ON OUR IMPROVED COMPETITIVE POSITION TO REACQUAINT EUROPEAN PURCHASERS WITH U.S. EQUIPMENT, WHICH FREQUENTLY MORE SOPHISTICATED AND BETTER BUILT.

CATALOGUE SHOWS WITH UP-TO-DATE INFORMATION ON U.S. LEADERS IN FIELD ACCOMPANIED BY INDUSTRY EXPERT ARE ANOTHER COST-EFFECTIVE MEANS OF (A) PUBLICIZING US TECHNOLOGY AND (B) OF ASSESSING LOCAL INTEREST IN US KEY INDUSTRIES. BDOS ARE INEXPENSIVE METHOD OF INTRODUCING BEST PROSPECT PRODUCT CATEGORIES.

B. IMPROVED LIAISON BETWEEN POST AND COMMERCE FIELD OFFICES. DEVELOPMENT OF COMPUTERIZED TECHNIQUES HAS RESULTED IN ENORMOUS TIME-SAVING IN HANDLING OF TRADE OPPORTUNITIES AND OTHER MATTERS EFFECTING INDIVIDUAL US COMPANIES. POST WONDERS IF DIRECT CONTACT WITH COMMERCE FIELD OFFICES COULD BE AUTHORIZED IN CERTAIN URGENT SITUATIONS. COMMERCE'S POLICY OF POSTING FSO'S TO DOMESTIC FIELD OFFICES WOULD BE SIGNIFICANTLY ASSISTED BY A CLOSER DIRECT INTERACTION BETWEEN FIELD OFFICE AND OVERSEAS POSTS. ANOTHER EXAMPLE WHERE FIELD OFFICES CAN GREATLY ASSIST POSTS IS IN FOLLOWING UP WITH INDIVIDUAL TRADE MISSION MEMBERS ON BUSINESS GENERATED DURING TRADE MISSIONS. EMBASSY HAS NEITHER MANPOWER NOR TIME TO FOLLOW-UP ON ALL LOCAL FIRMS CONTACTED BY TRADE MISSION MEMBERS. INFORMATION DEVELOPED WOULD BE VALUABLE ASSISTANCE TO POST IN CHARTING FURTHER MARKET STRATEGIES.

C. STRUCTURAL CHANGES IN TRADE MISSIONS. RECOMMEND THAT (1) TRADE MISSIONS ALWAYS BE ACCOMPANIED BY OR HAVE AS A MEMBER DOCUMENTED INDUSTRY-WIDE SPECIALIST WHO EQUIPPED TO RESPOND LIMITED OFFICIAL USE

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TO GENERAL QUESTIONS REGARDING STATE OF THE ART; (2) INDUSTRY SPECIALIST BE DESIGNATED AS ADVANCE OFFICER; (3) TRADE MISSION BE STRUCTURED VERTICALLY. THIS WOULD GREATLY INCREASE POST'S EFFECTIVENESS IN PROMOTING TRADE MISSION ACTIVITIES.

D. USDOC LIAISON WITH TRAVELLING US BUSINESSMEN ALTHOUGH SITUATION HAS IMPROVED, THERE ARE STILL MANY INSTANCES WHERE POST ABILITY ASSIST INDIVIDUAL US BUSINESSMAN IS IMPAIRED BECAUSE

OF ALCK OXVUFVNACE NOTICE HGIOR TO VISIT. EMBASSY RECOMMENDS THAT COMMERCE FURTHER INTENSIFY EFFORTS TO PUBLICIZE VIA FIELD OFFICES, MEDIA ETC. SERVICES WHICH POSTS ARE ABLE AND WILLING TO RENDER US BUSINESEUE PH2

3. IMPROVED PROCEDURES FOR PREPARING MARKET SURVEYS.

WE RECOMMEND MORE IN-HOUSE EMBASSY MARKET ANALYSIS AND RESEARCH RATHER THAN CONTRACTED MARKET SURVEYS AS IS NOW THE CASE. IN YUGOSLAVIA, FOR EXAMPLE, STATISTICS ARE SCARCE AND OFTEN HARD TO INTERPRET. YUGOSLAV OFFICIALS ALSO RELUCTANT TO DIVULGE TO FOREIGN CONTRACTED RESEARCHERS WHAT MIGHT BE REGARDED AS SENSITIVE INFORMATION

(MUCH INFORMATION ABOUT INDIVIDUAL YUGOSLV ENTERPRISES REGARDED AS SECRET). MOREOVER NON-YUGOSLAV CONTRACTORS TEND E CONFUSED BY YUGOSLAVIA'S UNIQUE SOCIO-ECONOMIC SYSTEM. FINAL RESULTS INNT CERTA IN INSTANCES NOT IMPRESSIVE.

POST CONDUCTED MARKET RESEARCH AMY REQUIRE STAFFING ADJUSTMENTS

, BUT WE CONSIDER MONEY SAVED ON MARKET SURVEYS OF QUESTIONABLE QUALITY WELL WORTH WHILE. IN THIS CONNECTION POST RECOMMENDS THAT 26 WEEK FSI ECONOMIC COURSE DEVOTE MORE TIME TO MARKET RESEARCH WHICH IS ESSENTIAL PART OF COMMERCIAL OVERSEAS FUNCTION.

F. VISIT USA. THIS PROGRAM HAS GREAT BALANCE OF PAYMENT POTENTIAL. AS MINIMUM EACH EMBASSY SHOULD HAVE STOCK OF CURRENT BROCHURES, MAPS AND OTHER MATERIAL FOR CONSULAR AND COMMERCIAL SECTIONS. STATE A-8762 OF OCT. 20, 1973, INFORMED US THAT THIS MATERIAL IS AVAILABLE TO YUGOSLAVIA O EY FROM VARIOUS STATE INFORMATION OFFICES, SINCE YUGOSLAVIA IS NOT YET INCLUDED IN VISIT USA PROGRAM. RECOMMEND THAT YUOZSLAVIA (1) BE INCLUDED IN PROGRAM AND/OR (2) THAT U.S. TRAVEL SERVICE PROVIDE PROMOTIONAL MATERIALS ON A REGUALR BASIS.
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SINCE WE OBSERVE THAT A ERY LARGE SHARE OF TOURIST TRAVEL BY EUROPEANS TAKES PLACE IN THE FORM OF PACKAGE TOURS, WE WOULD FURTHER RECOMMEND AN INTENSIFIED EFFORT TO DEVELOP THIS FORM OF TOURISM UNDER THE "TRAVEL USA" PROGRAM.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 29 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BELGRA05687
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BELGRADE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973121/aaaaaarj.tel
Line Count: 159
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 239800
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 12 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12-Oct-2001 by shawdg>; APPROVED <11-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EFFECTIVENESS IN OVERSEAS COMMERCIAL FUNCTION
TAGS: BEXP, YO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005